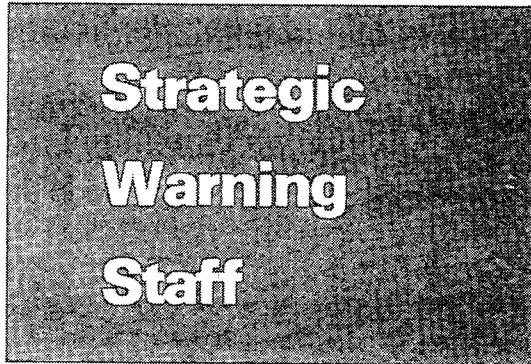


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# RESEARCH REPORT

## Chinese Policy Management Methods: The Netherlands-US Case

31 JULY 1981

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**CONFIDENTIAL****FOREWORD**

It is a function of the Strategic Warning Staff to conduct research into the methodology of strategic warning analysis. This research report constitutes an effort to advance methodology by attempting to refine the contexts that provide meaning to conventional indicators during a crisis. The basic approach herein is to test through case study the hypothesis that a government's behavior at various times in a crisis can be best predicted by researching and analyzing the process of policy management used by that nation. While actual situations influence and vary the types, timing, and execution of moves, the underlying process continues to govern.

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This study illustrates that China's handling of its Dutch-US problem in 1980 and early 1981 conformed to its handling of a variety of past crises, as researched by certain academic authorities, most notably Alan S. Whiting in The Chinese Calculus of Deterrence. In that respect, this study tends to verify the conclusion reached by Whiting and others that the Chinese government displays highly consistent behavioral patterns in managing foreign relations problems. Beyond that, the analysis is compelling that a structured process is discernible and was applied against the Dutch, and, through them, the US. Recognition and understanding of such a process constitute a potentially important breakthrough in warning analysis methodology that should facilitate earlier and less ambiguous warning of intentions and actions.

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*This research report is the product of the Strategic Warning Staff and has not been coordinated with the rest of the intelligence community. Comments were solicited and incorporated at the discretion of the Strategic Warning Staff. The author of the report is  Defense Intelligence Agency, to whom questions or comments should be addressed.*

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**CONFIDENTIAL**Chinese Policy Management Methods: The Netherlands-US CaseSUMMARY

In contrast to the decade of the 1970's when Sino-Dutch relations rather languished, the 1980's began auspiciously. A number of cabinet or sub-cabinet level visits occurred, prospects for increased cooperation seemed good, commerce was developing and Dutch Prime Minister van Agt concluded a successful visit to China in November 1980. ☐

Precisely a month after the Prime Minister's visit, relations with China entered a deep freeze because of a Dutch cabinet decision to grant an export license to a shipyard constructing two submarines for Taiwan. About six months after that decision, relations between the two were reduced to an exchange of bureaux d'affaires. China also began taking other retaliatory measures against the Netherlands. ☐

The Chinese were caught off-guard by the apparent Dutch perfidy and brought the Dutch problem rapidly to a head. The precision and regularity of Chinese actions, their speed and timing and the rapid movement of the incident suggest that management followed a standard format or procedure. More importantly, China's overall management closely paralleled its handling of vastly different, more complex and more protracted crises in the past. ☐

Mid-way through the process Beijing began to stress that only outside influences could have made the Dutch act so uncharacteristically. Implicitly in the early stages of the problem, but more explicitly as it evolved, the Netherlands emerged as a pawn in a larger but different process of Chinese damage control, aimed at instructing other nations, most prominently the US, about the relationship of China's united front strategy to other enduring Chinese strategic interests. In brief, the Netherlands episode was an immediate problem within a much larger, but still evolving problem with the US. ☐

By applying and extending research done by Alan S. Whiting and others with respect to past crises (1962 Taiwan Strait; 1961 Sino-Indian War; 1967 Chinese involvement in North Vietnam), it is possible to discern and describe at least two types of crisis that the Chinese perceive and the corresponding management mode for each crisis. The Chinese apparently saw both the Netherlands and the US as reneging on their commitments to "one China" by permitting or threatening to permit the sale of major new arms to Taiwan. Differences in the stage of government action and Chinese interests dictated different responses to each government. ☐

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With respect to the Dutch, China faced abruptly an almost final adverse government action in the form of the export license. It reacted in a standard deterrent mode, seeking to prevent finalization of the license decision or obtain its reversal by threatening the costs that China would impose on the Netherlands if the action were not reversed. The deterrent strategy included three steps: damage assessment and control, delivery of an ultimatum, and execution of the threat. China's ultimate execution of the threat evidenced the failure of this strategy at this stage, though there is some prospect that the submarines may never reach Taiwan.

With respect to the US, China's concern stemmed largely from statements about Taiwan made during and since the US Presidential election campaign. The absence of any overt, adverse governmental act that genuinely nullified, as opposed to only threatened, prospects for achieving Chinese goals with the US (cooperation against the Soviets and for Chinese modernization) enabled China to commence an initiatory management mode. The key aim was to bind the US firmly to what the Chinese consider US commitments to "one China" by means of demonstrations of the mutual advantages in the relationship and communication of the limit to the costs that China was prepared to sustain. This mode also seems to have three phases which can be described as "cultivation," lock-in to the desired commitment or posture, and consolidation of the relationship leading to normal relations. The Chinese used the Dutch problem as their vehicle for communicating to the US and others the limit of costs.

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**CONFIDENTIAL**DISCUSSION

Although the Netherlands was one of the first European nations to recognize the Peoples Republic in 1950, it enjoyed little strategic importance for China, compared to other nations of Western Europe. Ambassadors were exchanged in 1972, but even as late as 1978 a visit by Foreign Minister Huang Hua was analyzed as "pro forma." The trend to improve relations in the 1980's came mostly at China's initiative as part of its effort to implement the united front strategy by encouraging NATO nations to stand firm against the USSR in an unpredictable era. [ ]

Prospects for economic or other assistance from the Dutch were hamstrung by Dutch bewilderment over what large China could hope to obtain from small Holland. Nevertheless, the Chinese leadership was prepared to leave no European stone unturned in seeking sources of low interest loans, project aid and technological advances. [ ]

Prime Minister van Agt's 28 October to 4 November 1980 visit to China was the first ever by a Dutch prime minister. Strategic issues apparently dominated discussions, van Agt received highest-level treatment and audiences, and the two countries signed agreements on economic and technical cooperation and cultural cooperation. Both sides considered the visit successful. [ ]

Damage Assessment and Control (29 Nov 80 - 2 Jan 81)

The turning point was 29 November when the export license was granted to Rijn-Schelde-Verolme (RSV), the Dutch shipbuilder, and made public. A chronology of this phase follows.

23-29 November 1980	News of the submarine negotiations appeared in the Netherlands press.
29 November	The Netherlands government granted an export license to RSV for two submarines to be constructed for Taiwan.
29 November 1980	China recalled a delegation to the Netherlands led by Vice Communications Minister Guo Jian.
3 December 1980	China conveyed a strong diplomatic protest to the Netherlands over the 29 November decision. The text was not published. A strong response but no specific action was threatened.
	[ ] sources in Beijing were said to have leaked news of the protest note to Agence France Presse, (AFP) Hong Kong.

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Two articles in China's English-language press were the first public references to the Dutch crisis; the Chinese protest was not mentioned.

- 5 December 1980 Renmin Ribao published in Chinese a "reader's letter" regretting the Netherlands action. This was the first propaganda move to inform the Chinese public of the crisis.
- 18 December 1980 The Dutch Parliament approved the government decision by a margin of two votes.
- 2 January 1981 China issued a second diplomatic protest threatening to recall its ambassador, send the Netherlands ambassador home, and to downgrade relations to the level of charge d'affaires.

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An initial question for analysis is whether the Chinese were genuinely caught off guard or whether they feigned surprise in a charade whose outcome was foreordained so as to provide a lesson to Western countries. The evidence argues strongly in favor of a measure of surprise. RSV's negotiations with Taiwan began in mid-August 1980. In the ensuing months, all sources disclosed no hint the Chinese knew of the contract negotiations before late November. Additionally, Dutch delegations visiting China between August and November 1980 were well received and given suitably favorable publicity and treatment. The most compelling evidence of Chinese surprise is a Xinhua wire article announcing the arrival in the Netherlands on 28 November of a Chinese delegation led by Vice Communications Minister Guo Jian, its reception by van Agt and the commencement of talks, all on the day before the fateful cabinet decision. Although by this time China was aware of the news leaks and probably conveyed this to The Hague, the Dutch government had not yet acted publicly and the Chinese Ministry of Communications marched along, business as usual.

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The timing of the protest is also some evidence of surprise. According to some authorities, the Chinese standard practice for protests after an unanticipated and unfavorable event is three days. This note was delivered on the third working day after 29 November. The lack of specificity in the 3 November note might also be construed as evidence that China was genuinely caught off its guard. The Dutch later contended that China's ambiguous reaction at this time implied no basis for interrupting normal government procedures.

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An unsigned commentary published by Xinhua in English on 3 December 1980 probably accurately reflected official attitudes. This stressed China's "shock" and perplexity at the Netherlands' grant of an export license. It refrained from any hint of threatening action, but expressed the hope that the Netherlands government would reconsider. China made its distress believable by recalling the Guo Jian mission. Without additional leverage, however, this did not greatly impress the Dutch.

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During the month of December, numerous diplomatic forays apparently occurred, as reported in later articles on the crisis, but the details are not part of the intelligence or public record. China's position was not belligerent, but it was confrontational.

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China's aim at this stage seems to have been to clarify the state of relations by gradually narrowing Dutch maneuver room, while leaving avenues to avoid a showdown prematurely. Before further moves, the Chinese needed to determine whether the export license was the product of a mixup, a struggle in the Dutch government, a deliberate change of policy, or other factors. Progression to the second phase of the policy management, for example, hinged upon the outcome of the 18 December Dutch Parliamentary debate. Chinese press descriptions of opposed factions in the Dutch Parliament suggest careful scrutiny and a strong Chinese lobby against the license's approval. The cabinet obtained Parliamentary approval on 18 December, but by only two votes.

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One stray press report from the Netherlands was hardly noticed during this period, but later was used by Beijing. Reuters broadcast on 4 December a statement by the Dutch Secretary General of Foreign Affairs that, prior to its decision, the cabinet sought a US opinion and obtained advice favoring the export license. This press report supported an apparent Chinese refusal to accept that Holland would act so mendaciously unless some arcane influence lurked behind the scenes. The Reuters report provided a useful explanation, but China did not begin to exploit it until after the damage control process was tried and failed. At that point the external element also was portrayed as responsible for Dutch obstinacy. Additional caution had to be factored into Chinese calculations of the problem.

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The Chinese Issue an Ultimatum (2-19 Jan 81)

China's 2 January protest threatening to downgrade relations unless the Dutch decision were reversed signaled the next, more intense phase of policy management. This was conveyed precisely 30 days after the first note.

2 January 1981

The second protest note was delivered.

Early January

China's ambassador was recalled for consultations. In fact, the ambassador was already on home leave.

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13 January            AFP reported the thrust of the 2 January protest, but not the actual content.

14 January            A Chinese Foreign Ministry spokesman in a reply to a Xinhua reporter acknowledged the deteriorated state of affairs, the protests and that China was awaiting a reply from the Netherlands.

16 January            The Netherlands cabinet met to reconsider the license decision in light of Chinese remonstrations but decided to let the license stand.

17 January            Items in the English and Chinese language press informed the public of the Netherlands decision; the 4 December Reuters report is mentioned in one Xinhua wire service report for the first time. China denied a claim by van Agt that he informally mentioned the deal in his October visit.

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China escalated the crisis in direct fashion, communicating its final bargaining position to The Hague in the quite specific 2 January protest note. This was risky because the Dutch might have reacted by totally breaking relations, ending any Chinese chance of reversing the export license. With only limited leverage against the Dutch, China had little recourse but to place its credibility at issue by threatening automatic retaliation unless the license were revoked. The retaliation, however, was quite mild: a downgrading of but no break in relations. This satisfied China's domestic requirement to react firmly, but without jeopardizing larger, cooperative interests with the West.

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China's threat achieved some success in that a shocked Dutch government, openly split between the Foreign Affairs and Foreign Trade Ministries, agreed to reconsider. Certainly protocol, the closeness of the 18 December vote in Parliament, and continuing opposition pressure also contributed to the second look. The Netherlands decision on 16 January to abide by the earlier license grant probably came as no surprise to the Chinese. The reconsideration seemed to serve mainly as a vehicle for uniting the Dutch government behind the policy position. By its moves, China clarified the state of Dutch relations and set the stage for further escalation.

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At this point, the role of the Hong Kong Communist media began to assume importance as a vehicle for avoiding any mixup or misunderstanding of signals. For example, a 12 January article briefly but carefully spelled out exactly what the Netherlands should expect. It argued that since the Dutch decision involved a lengthy and gradual process committing the whole government, the Dutch should expect China to act on the same broad basis.

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A supposed Dutch leak on 13 January of the main thrust of the 2 January note prompted further notice to the Chinese populace. Responding to a Xinhua correspondent's question, on 14 January a Chinese Foreign Ministry spokesman acknowledged the deterioration in relations but still did not make public the nature of China's threat. After the 16 January Dutch decision was communicated, however, the press restraints were dropped. Additionally, for the first time, allusion to the alleged role of the US behind the Dutch decision surfaced openly in commentaries on 17 January in Beijing. While the issue was probably contrived, these further prepared domestic attitudes in China to expect the worst in Sino-Dutch relations, despite the earlier very favorable treatment of the Netherlands. [ ]

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### Retaliation Begins (19 Jan 81)

The 2 January threat became fact, almost, on the 19th. Significantly, the 19 January note was worded as a "request for negotiations" leading to the downgrading of diplomatic representation. It reasoned that the Dutch export license to RSV had eroded the basis for ambassadorial relations and again expressed regret, more than outrage, at the turn of events. By this formula, the Netherlands was accorded still another opportunity to avert a crisis. China was also clearly playing to the strong Dutch opposition to the license whose pressure could make a reversal by van Agt appear as an act of statesmanship and political acumen rather than retreat. When a move by the Dutch Parliament to debate the license again emerged in late January, China was still not irreversibly committed to its threatened course of action. Additionally, "negotiations" still hinged on a Dutch reply. [ ]

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Although reported only in the Hong Kong Communist press, the Chinese also displayed their impressive ability to coordinate diplomacy with other official dealings. The Chinese ambassador announced in Amsterdam that a number of scheduled official delegation visits, a sporting competition and a number of contracts would be canceled, including a contract with Shell Oil for offshore oil exploration. [ ]

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Although the Chinese were ready to act immediately upon learning of The Hague's 16 January decision, their response was delayed deliberately until the 19th, the day before the US Presidential Inauguration. This note laid bare the whole course of diplomacy and representations. It also signaled that China's position on Taiwan would not be compromised by cooperation with the West against the USSR or assistance for modernization. Still, China could be patient. [ ]

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The theme of US blame for Dutch intransigence was explicit in a lengthy commentary to the domestic audience on 20 January that explained the course of events with the Netherlands. Whereas this was published in Chinese, the US official denial of complicity on the 26th was only published in the English language media in Beijing. The Chinese populace was left with the impression that the US was behind the Netherlands' action--an idea that remains available for future exploitation. [ ]

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**CONFIDENTIAL**Pause (20 Jan - 20 Feb 81)

During the next month, China paused to gauge the effects of its actions. Such pauses seem to be an essential part of Chinese crisis management tactics and have occurred at a similar stage in most crises dating from the Korean War. The 19 January note probably worked better than expected and as well as any crisis manager could hope. The Dutch Parliament was galvanized; a storm of debate ensued in the Netherlands, while China banked its official fires. The Second House approved an unprecedented motion to debate the license issue de novo. The Hague did not respond to China's call for negotiations, nor did China press for them.

3 February	Netherlands Parliament voted again, this time disapproving the export license.
4 February	A Chinese Foreign Ministry spokesman again publicly called on the Netherlands cabinet to reverse the export license.
11 February	The Netherlands cabinet met but deferred a decision on the export license.
20 February	The Netherlands cabinet met again and reconfirmed its decision approving the export license--this was not communicated officially to China. <span style="border: 1px solid black; display: inline-block; width: 40px; height: 20px; vertical-align: middle;"></span>

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Despite the Netherlands Parliament's 3 February reversal by a wider margin than the earlier approval, the cabinet decided to honor its first decision. The reasons cited were employment opportunities, the legal obligation of the first decision and trustworthiness of the Netherlands government's word. A motion for a vote of no confidence in the government was still-born.

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Final Action (20 Feb - 11 May 81)

25 February	A Chinese Foreign Ministry spokesman complained that the Netherlands had failed to respond to China's 19 January note and called for negotiations.
26 February	The Netherlands' official reply was conveyed to China along with a request for negotiations of outstanding problems.

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27 February China delivered a note informing the Netherlands of the official recall of the Chinese ambassador and requested the Netherlands to do likewise. This note demanded the immediate commencement of negotiations to downgrade relations and was published the same day as transmitted.

5 March The Netherlands ambassador departed Beijing.

28 March Assistant Foreign Minister Song Zhiguang proposed that negotiations begin before the end of March since China still had no reply to its 19 January request. A prompt answer was requested.

2 April Xinhua noted that Prime Minister van Agt had completed a 30 March-2 April visit to the US.

7 April Negotiations began.

5 May China unilaterally broke off negotiations because the Dutch wanted to retain an embassy without an ambassador instead of a bureau d'affaires. China unilaterally reduced the level of its representation; the Dutch protested.

11 May The Dutch announced the official downgrading of their diplomatic representation in Beijing. [redacted]

The Netherlands evidently hoped the situation could still be retrieved through talks. The longer it delayed, however, the greater became Chinese intractability--the Chinese considered the dilatory tactics as compounding the affront. Press and other commentary became sterner. [redacted]

[redacted] Based on the gradual escalation of Chinese measures, as foretold in the 12 January Hong Kong press item, Chinese retaliation against the Netherlands is likely to continue and, perhaps increase, unless the submarine contract is terminated. The submarines are to be delivered to Taiwan in the mid-1980's. [redacted]

**CONFIDENTIAL**Why The Netherlands?

The Netherlands was a minor star in the Chinese constellation, but it was assailed rapidly and firmly. Aside from purportedly violating its agreement to recognize only one China, the export license decision, coming within the same month as a successful visit by van Agt, was deemed an open affront by the Chinese. The fact of Dutch action in the public domain compelled a corresponding Chinese response. The Chinese leadership evidently also perceived the need for immediate action to correct a misunderstanding, or deliberate distortion, that Chinese needs and desire for Western cooperation implied weaknesses so great that the West could expect or pry concessions on the Taiwan issue. Additionally, flexibility in dealing with Taiwan because of outside pressures could strengthen the arguments of those in Beijing who distrusted the US and disagreed with the Deng Xiaoping strategy. Finally, arms sales to Taiwan were more intolerable than other transactions because they materially reinforced resistance to Beijing's development of a peaceful reconciliation program. Persistent failure of this program also could have strong repercussions for the dominant leadership group. In short, the whole structure of recent policies and the standing of their sponsors could be in jeopardy unless firm action were taken.

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Success and Failure

China's handling of the Dutch episode succeeded in having the license debated several times in the Netherlands and produced a substantial stiffening of the terms of the export license. It failed to achieve its reversal. Beijing seems to have underestimated the attraction of a lucrative shipbuilding contract and simply could not accumulate sufficient costs to counter Dutch calculations that favored the export license. The continuing retaliation measures suggest that the Chinese still hope for a later reversal or further modification of the export license, or intend a later escalation of the retaliation if necessary.

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Important people-to-people ties between the two countries have persisted, though at a low level. They include student exchanges, sister city ties, and contacts under the economic and technical and cultural cooperation agreements. Their continuation during the episode, despite China's very specific threat of retaliation, probably reassured the Dutch that the costs were tolerable--that China had pulled its punch. In turn, lingering Chinese uncertainty about the US connection may have contributed to the decision to downgrade relations, but not break them.

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On the larger level, the Chinese emphatically broadcast their position on Taiwan as it related to other strategic issues. NATO nations and the rest of the world were put on notice that governmental action as slight as the grant of an export license was subject to retaliation in some degree of severity, even if it meant jeopardizing prospects for aid and cooperation. Commentaries in the Hong Kong Communist press stressed that greater governmental action in

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favor of Taiwan could expect more severe Chinese retaliation and that larger nations would be treated less tolerantly than the Netherlands. China's crisis managers also succeeded in obtaining an official denial by the US of encouragement to the Netherlands and a Belgian denial of alleged negotiations to sell F-104's to Taiwan, though intelligence indicates such a sale had been discussed. [ ]

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### The Chinese Policy Management Process

The Chinese Foreign Ministry managed the Dutch problem, but the coordination, speed, consistency and precision of China's moves attest to high-level supervision. Although top officials made no public statements, the issue itself was not one over which the top leadership could afford disagreement or divisiveness. China's need, in this case, to use diplomatic notes to move the Dutch problem rapidly, brought into sharp relief what appears to be one of several management modes. [ ]

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Top-level management seems to have made one very important demand on the Foreign Ministry: to bring the problem to a head before the US Presidential Inauguration. This was essential to insure that the US understood the message China sought to convey by its treatment of the Dutch. The use of a specific threat in the 2 January ultimatum helped achieve this goal. [ ]

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With respect to the Netherlands, China's behavior was reactive, deterrent and retaliatory. In a number of instances, Chinese officials, including Deng Xiaoping have described their government's actions in terms of steps, often three. This crisis involved three recognizable steps which herein are termed damage assessment and control, ultimatum, and action. [ ]

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The first step was the 3 December note. This served official notice of a serious problem, fostered clarification of the relative policy positions and began the process of narrowing the issues and actors. It and actions outside diplomatic channels staked out the grounds for confrontation and reinforced China's distress, but without backing the Dutch into a corner. [ ]

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The ultimatum was conveyed 30 days later on 2 January. Given more time, the Chinese probably preferred a longer period of damage control with several escalatory sub-steps to improve chances for reversing the Dutch decision. But the costs of a rupture with the Netherlands paled before the larger issues at stake, which the Chinese judged as time sensitive. Additionally, the

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threatened action lowered the overall risks in any case. Despite the press of time, the Chinese crisis managers adhered to a 30-day timetable before taking the next major step. Although this crisis was too brief to substantiate adequately the practice of using a regular schedule, academic research has established such a practice as generally governing the timing of Chinese moves in numerous crises since the Korean War. [ ]

At some point the Dutch problem had to be linked to the US problem--the two modes of management needed a point of tangency and the ultimatum required a terminal point for the main movement. This was 19 January, although the precise date probably was flexible and hinged upon a Dutch response to the 2 January note. [ ]

The action step began on 19 January, but final retaliation was still reversible. As in past crises, the action step involved three sub-steps. The 19 January note started the action and preserved Chinese credibility, but without completely confining the Dutch. There followed a pause in which China weighed prospects for an 11th hour change of mind in the Netherlands, refined and probably coordinated its own next measures, gauged the degree of severity necessary, and guaranteed the Netherlands was fully committed to its course of action and without further maneuver room. The deliberations of the Dutch Parliament on 3 February and subsequent cabinet meeting on 20 February established the metes and bounds of this sub-step and the timing of the final retaliation, the last sub-step. This occurred on 27 February, a week after The Hague made its final decision. [ ]

#### The US Connection

Action by the US Congress in 1980 and election campaign and post-campaign statements by officials in the new administration sent conflicting signals about the continuity of the US commitment to "one China" and a consistent signal that China had to begin a crisis management process anew. With the relationship in flux but no adverse action yet taken, the Chinese evidently judged that early concerted moves stood a good chance of retrieving a declining situation. [ ]

With respect to the US, China's management mode was initiatory and persuasive, rather than reactive and deterrent. In this mode at least three steps are recognizable. These may be termed "cultivation," lock-in and consolidation. [ ]

The "cultivation" step included virtual debates in the Chinese press with China's detractors, vilification of the so-called "Taiwan lobby", grand treatment of visitors from the US, dispatch of emissaries to the US, and highly favorable publicity for China friends in the US Congress and academic community. It also included explanations of the advantages to the US of a consistent one China policy and a temporary phase shift to the deterrent mode in January 1981 when the rumor surfaced that the Taiwanese were officially invited to attend the Presidential Inauguration. [ ]

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The Dutch crisis played a critical role, too, in that it provided the essential signal of the cost limits that China was willing to sustain to achieve the desired broad US commitment. At the same time, it conveyed continuing Chinese dedication to cooperation, moderation and the present definition of the "overall strategic situation." International cooperation could be decoupled to some extent from the Taiwan issue, but only to the limit of the terms of the so-called agreement between the US and China. The Chinese understood these as excluding major new arms agreements or other acts inconsistent with one China. In this regard, Beijing's permission of external trade relations for mainland provinces also served to help demarcate the limits of acceptable dealings with Taiwan, China's maverick province. ☐

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The onset of the lock-in step with the new US administration was supposed to have been the visit by the US Secretary of State. In this context, the visit was to cement the new administration's broad commitment to one China and the agreements of its predecessor. The US President's press conference on 17 June vitiated the strength of the lock-in effect, prompting the Chinese to term both it and subsequent consolidation measures as "conditional." This was enunciated in an authoritative 18 June commentary. Later, Vice Chairman Li Xiannian described the Secretary's visit as achieving "some progress," though generally the Chinese remained pleased. ☐

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On a conditional basis, China moved ahead as if lock-in had occurred. At the same time, it scheduled actions, such as the pending visit by Premier Zhao Ziyang, to try to reinforce the strength of the US commitment. Other visits, mainly that scheduled in August 1981 by a high-level military delegation, would also begin a conditional consolidation phase, while reinforcing lock-in as well. In both cases, these were probably intended to be well-planned and impressive displays of cooperation with the US designed to narrow the US ability to deny or caveat its "commitment" to the Beijing government, upon which a return Chinese commitment was publicly predicated. ☐

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An implicit conclusion to be drawn from the Dutch crisis, in this connection, is that the Chinese have probably already plotted out their next moves in the event the initiative mode fails to achieve the US commitment the Chinese seek. A deterrent management mode, with the abrupt cancellation or even recall of high-level delegations, would probably ensue quickly were the US to take a firm, public action leading to a major new arms sale for Taiwan. ☐

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Although the evidence is not clear, it is likely that the initiative mode also operates on a timetable. The scheduling of high level visits seems to signal benchmarks for assessing how the process is working, whether to continue a course of action, and if not, which course of action to select, including the shift to the deterrent mode. ☐

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Whereas Chinese handling of the Dutch disclosed a willingness to risk a complete break with the Dutch, the Dutch episode disclosed a very cautious approach with respect to the US. This suggests that when operating in the deterrent mode the Chinese will take high risks. On the other hand, in the initiatory mode, when good chances remain to achieve goals, the willingness to take risks is low. Academic research has reached similar conclusions. ☐

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A key factor in the initiatory mode is the Chinese assessment of the overall strategic situation. As long as events are consistent with this world view, setbacks to policy can be absorbed and worked around. Conversely, an excessive number of setbacks, or a very serious one, is likely to prompt a judgment of miscalculation, a reassessment of the world view, and a significant change in Chinese dealings. For example, several Chinese press articles have hinted already that a return to self-reliance might be in order so as to reverse the impression of weakness generated by China's bid for Western aid. An occasional comment has hinted that Western dealings increase Soviet ire and that modernization goals can be achieved more safely under a reduced threat of attack from the USSR through more normal dealings in selected areas. A spate of major new arms sales to Taiwan, especially if led by the US, would also require considerable rethinking or at least fine tuning of the overall strategic situation. A change of this magnitude would alter the tone and style of Chinese actions, but not the process of crisis management. ☐

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